

3400 CENTRE SQUARE WEST  
1500 MARKET STREET  
PHILADELPHIA, PA. 19102  
(215) 972-3400

38 SQUARE DE MEEUS, BTE 1  
1040 BRUSSELS, BELGIUM  
(02) 511 80 40

52 BEDFORD SQUARE  
LONDON WC1B 3EX, ENGLAND  
01. 631. 3383

LAW OFFICES OF

DECHERT PRICE & RHOADS

SUITE 1100

1730 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20006

(202) 783-0200

REGISTRATION NO. 13901

JAN 10 1983 - 2 05 PM

INTERSTATE COMMERCE COMMISSION

350 WEST 107TH STREET  
NEW YORK, N.Y. 10004  
(212) 425-3510

ONE DENVER PLACE  
SUITE 1601  
999 18TH STREET  
DENVER, CO. 80202  
(303) 623-1777

800 NORTH THIRD STREET  
HARRISBURG, PA. 17102  
(717) 233-7947

January 10, 1983

3-010A062

JAN 10 1983  
50.00  
IJC Washington, D.C.

Agatha L. Mergenovich, Secretary  
Interstate Commerce Commission  
12th and Constitution Ave., N.W.  
Washington, D.C. 20423

Dear Secretary Mergenovich:

Pursuant to 49 U.S.C. 11303 and the Commission's  
rules and regulations, I enclose for filing and recordation,  
six (6) copies of the following document:

Security Agreement dated as of January 3,  
1983 between Grand Trunk Western Railroad  
Company and Bankers Trust Company.

The names and addresses of the parties to the  
aforementioned document to be filed are:

(a) Debtor:

Grand Trunk Western Railroad Company  
131 West Lafayette Blvd.  
Detroit, Michigan 48226

(b) Secured Party:

Bankers Trust Company  
280 Park Avenue  
New York, New York 10015

The Security Agreement relates to six hundred ten  
(610) box cars as follows:

RECEIVED  
JAN 10 2 00 PM '83  
FEE OPERATION BR.

Countersigned - Kristine E. Wilhelm

Agatha L. Mergenovich, Secretary  
January 10, 1983  
Page Two

<u>Car Series</u>	<u>Description</u>	<u>Excluding Car Nos.</u>	<u>No. of Units</u>
378000-079	86' 70-ton hi cube box car w/cushion underframe	12,14,16,19,27,43, 49,59	72
378115-217	86' 70-ton hi cube box car w/cushion underframe	129,133,149,161,171, 175,193,204,213,214	93
383000-248	60' 70-ton box car w/cushion underframe	00,03,10,13,14,15, 17,19,24,25,26,28, 30,31,33,35,36,38, 42,43,52,53,56,57, 59,61,64,65,69,72, 73,75,76,79,80,81, 87,88,89,90,91,93, 95,97,101,103,114, 125,131,157,168,174, 176,191,195,210,211, 213,214,215,216,218, 220,224,229,230,232, 233,236	180
383249-443	60' 70-ton box car w/cushion underframe	266,275,282,284,287, 288,330,338,339,341, 342,343,344,396,423, 424,426,427,428,429,	175
383444-450	60' 100-ton box car w/cushion underframe	448	6
383458-575	60' 70-ton box car w/cushion underframe	458,459,460,461,462, 463,464,465,466,467, 469,470,471,472,473, 474,475,476,477,478, 479,480,481,482,483, 484,486,509,511,513, 518,549,556,566	84
			<u>610</u>

Agatha L. Mergenovich, Secretary  
January 10, 1983  
Page Three

Please file the Security Agreement, cross-indexing it under the names of the Debtor and Secured Party. A check is enclosed for \$50.00 as prescribed pursuant to 49 C.F.R. § 1177.3(d).

Please stamp all copies of the Security Agreement and the attached copies of the transmittal letter with your official recording stamp. You will wish to retain one original of the document and the original of the transmittal letter for your file. Please return the duplicate originals and the remaining copies of the Security Agreement and the transmittal letter to the bearer of this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert M. Clark".

Robert M. Clark

RMC/slk  
Enclosures

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Robert M. Clark  
Dechert Price & Rhoads  
Suite 1100  
1730 Pennsylvania Ave. N. W.  
Washington, D. C. 20006

January 10, 1983

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/10/83 at 2:05PM, and assigned re-recording number(s). 13901

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

13901  
RECORDATION NO. 13901 FILE 1423

JAN 10 1983 -2 05 PM

INTERSTATE COMMERCE COMMISSION

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SECURITY AGREEMENT

Dated as of January 3, 1983

BETWEEN

GRAND TRUNK WESTERN RAILROAD COMPANY

DEBTOR

AND

BANKERS TRUST COMPANY

SECURED PARTY

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of January 3, 1983 (the "Security Agreement") is between GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan corporation (the "Debtor") and BANKERS TRUST COMPANY (the "Secured Party").

### RECITALS

A. Pursuant to Section 2.2 of the Credit and Guaranty Agreement dated as of January 3, 1983 (the "Agreement") among the Debtor, the Secured Party, Grand Trunk Corporation (a "Guarantor") and Duluth, Winnipeg & Pacific Railway Co. (a "Guarantor", and together with the other Guarantor, the "Guarantors"), the Secured Party has committed to make certain loans to Debtor (the "Secured Loan" or "Secured Loans") not exceeding the maximum aggregate principal amount of \$10,000,000.

B. The principal and interest of the Secured Loans and all additional amounts and other sums at any time due and owing from or required to be paid by Debtor under the terms of the Agreement with respect to the Secured Loan or this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured."

### Section 1. GRANT OF SECURITY

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Secured Loans according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Agreement and in this Security Agreement contained, does hereby convey, warrant, mortgage, pledge, assign, and grant the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's rights, title and interest in and to the properties, rights, interests and privileges in certain railroad equipment described on Schedule A hereto (collectively the "Equipment" or "Items of Equipment" and individually, an "Item of Equipment") and more fully described in Section 1.1 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule A attached hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom and the proceeds thereof.

1.2. Duration of Security Interest. The Secured Party, its successors and assigns, shall have and hold the Collateral forever; provided, always, however, that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Agreement, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

## Section 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in this Security Agreement and the Agreement and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants, amendments or supplement to the Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2. Maintenance; Insurance. (a) The Debtor at its own expense will maintain and service each Item of Equipment and comply with a preventive maintenance schedule which will include testing, repair and overhaul of each Item of Equipment so that each Item of Equipment will remain (i) in compliance with any and all applicable laws and regulations and eligible for railroad interchange in accordance

with the rules of the Association of American Railroads, and (ii) suitable for immediate purchase or lease and use by a Class I line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of sale upon an Event of Default hereunder. In no event shall any Item of Equipment be maintained or scheduled for maintenance on a basis less frequent than the maintenance or maintenance scheduling basis employed as of the date hereof by the Debtor for similar equipment.

(b) The Debtor will, at all times during the term of this Security Agreement (including during storage periods), cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Debtor on similar equipment owned by it. For the purposes of this Section 2.2(b), insurance shall include self-insurance, provided the Debtor maintains adequate reserves to cover the risks not otherwise insured. Within 30 days of the end of each fiscal quarter of the Debtor, the Debtor shall furnish to the Secured Party a certificate of the Senior Vice President - Finance and Administration of the Debtor evidencing the maintenance of the insurance and/or reserves required hereunder.

2.3. Warranty of Title. The Debtor has the right, power and authority to grant a valid first priority security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; no mortgage, deed of trust or other lien currently attaches to the Collateral and the Debtor will warrant and defend the title to the Collateral against all claims and demands of all third Persons or persons claiming by, through or under the Debtor. The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lease, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement under the Interstate Commerce Act or the Uniform Commercial Code of any jurisdiction). As used herein, "Permitted Liens" shall mean (a) the lien created by this Security Agreement; (b) the lien of taxes, assessments or governmental charges which are not at the time delinquent; and (c) the lien of taxes, assessments or governmental charges which are

delinquent but the validity of which is being contested in good faith by appropriate action diligently pursued, if the Debtor shall have set aside on its books such reserves (segregated to the extent required by generally accepted accounting principles, if any, as deemed by it appropriate and adequate in accordance with generally accepted accounting principles), provided that such proceeding shall suspend the collection of such taxes, assessments or governmental charges and, the security interest in the Collateral, or any part thereof, would not in the opinion of the Secured Party be adversely affected or forfeited during the period of such contest.

2.4. Further Assurances. The Debtor will, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

2.5. After-acquired Property. Any and all property described or referred to in Section 1 hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.5 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.4 hereof.

2.6. Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, including a supplement in the form of Appendix A hereto providing for the subjecting of additional Collateral to the lien created hereunder in accordance with the provisions of Section 6.3 of the Agreement, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of any supplement to this Security Agreement an opinion of Dechert Price & Rhoads or other counsel satisfactory to the Secured Party stating that in the opinion of such counsel this Security Agreement or such supplement, as

the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.7. Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Secured Party, upon the occurrence of an event of default hereunder, its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Section 1.1 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

### Section 3. POSSESSION AND USE OF PROPERTY.

3.1. Possession of Collateral. So long as there is no Event of Default hereunder or an event which with the giving of notice or lapse of time or both would constitute such an Event of Default, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereto with the rights and franchises appertaining thereto.

### Section 4. DEFAULTS AND OTHER PROVISIONS.

4.1. Events of Default. The term Event of Default shall mean one or more of the following:

(a) An Event of Default, as defined and set forth in Section 16 of the Agreement;

(b) Default on the part of the Debtor or either Guarantor in the due observance or performance of any covenant or agreement to be observed or performed by the

Debtor or the Guarantors under this Security Agreement or the Agreement; or

(c) Any representation or warranty on the part of the Debtor or the Guarantors made herein or in the Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement or the Agreement or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made; or

(d) Any claim, lien or charge (other than those permitted under Section 2.3 hereinabove) shall be asserted against or levied or imposed upon the Collateral; or

(e) This Security Agreement shall cease to be in full force and effect or shall cease to create a valid first priority, perfected security interest in the Collateral in favor of the Secured Party.

4.2. Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the State of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and the Secured Party shall have the following rights and remedies:

(a) The Secured Party may, by notice in writing to the Debtor declare the entire unpaid balance of the Secured Loans to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession, remove, keep and store the

Collateral, or use and operate or lease the Collateral until sold.

(c) The Secured Party may take possession of the Equipment by requesting that the Debtor deliver possession of the Equipment to the Secured Party. Each Item of Equipment so delivered shall meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Equipment. For the purpose of delivering possession of the Equipment to the Secured Party as above required, the Debtor shall at its own cost, expense and risk:

(i) forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads or other parties to which any Equipment has been interchanged or which are using the Equipment to return the Equipment so interchanged) place such Equipment upon such storage tracks as the Secured Party reasonably may designate;

(ii) permit the Secured Party to store such Equipment on such tracks at the risk of the Debtor without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Secured Party; and

(iii) transport the same to any reasonable destination on the Debtor's railroad lines or to any connecting carrier for shipment to a particular destination, all as directed by the Secured Party. Upon or before the delivery to any such destination, unless the Secured Party or other parties shall remove the markings on the Equipment identifying the Debtor, the Debtor shall have the right to remove such markings; provided, however, that the Debtor shall have no obligation to remove such markings.

The assembling, delivery, storage, insurance and transporting of the Equipment as hereinbefore provided shall be at the expense and risk of the Debtor and are of the essence of this Security Agreement, and upon application to any court of equity having jurisdiction in the premises the Secured Party shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the

Debtor so to assemble, deliver, store and transport the Equipment. During any storage period, the Debtor will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Secured Party or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item of Equipment, to inspect the same. All rents and per diem charges earned in respect of the Equipment after the Secured Party shall take possession of the Equipment shall belong to the Secured Party and, if received by the Debtor, shall be promptly turned over to the Secured Party. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided, within 60 days after such termination, the Debtor shall, in addition, pay to the Secured Party for each day thereafter, until such Item of Equipment is so assembled, delivered and stored an amount equal to the amount, if any, by which interest, computed at the Prime Lending Rate, on the AAR Destroyed Value of such Item of Equipment for each such day exceeds all gross amounts earned with respect to such Item of Equipment and received by Secured Party for each such day.

(d) Any Collateral repossessed by the Secured Party under or pursuant to this Section 4.2 may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Secured Party may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Secured Party or after any overhaul or repair which the Secured Party shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the times at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for 10 days after the giving of such notice, to the right of Debtor or any nominee of Debtor to acquire the Collateral involved at a price or for such other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor

specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be public auction (which may, at the Secured Party's option, be subject to reserve) after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation in the City of New York. To the extent permitted by any such requirement of law, the Secured Party may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to Debtor (except to the extent of surplus money received as provided in Section 4.6). In the payment of the purchase price therefor, the Secured Party shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Secured Party on account of the indebtedness hereby secured and the Secured Party may deliver the claims for interest on or principal of the Secured Loans or other indebtedness hereby secured in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. If, under mandatory requirements of applicable law, the Secured Party shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Debtor as hereinabove specified, the Secured Party need give Debtor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(e) The Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other property, legal or equitable remedy available under applicable law.

4.3. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or in connection with the enforcement of any of the terms of this Security Agreement or otherwise, the principal of the Secured Loans, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable.

4.4. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time

insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor, acquiring any interest through Debtor in, or title to, the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

4.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

4.6. Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the amount then owing or unpaid on the Secured Loans for principal and interest and any other amounts then owing under the Agreement in respect of Secured Loans; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Secured Loans, then first to unpaid principal thereof, and second, to unpaid interest thereon; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same;

it being understood that Debtor shall remain liable to the Secured Party to the extent of any deficiency between the amount of the proceeds of such disposition and the aggregate amount of the sums referred to in clauses (a) and (b) of this Section 4.6.

4.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor and Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

4.8. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured

Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

4.9 Indemnity. The Debtor agrees to indemnify, protect and hold harmless the Secured Party from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof (except arising from the willful misconduct or gross negligence of the Secured Party), and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Security Agreement, the retention by the Secured Party of a security interest in the Collateral, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or repossession of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or repossession of any of the Collateral resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Secured Party or during the period of the transfer of such security interest in the Collateral by the Secured Party pursuant to any of the provisions of this Security Agreement. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Secured Loans, and the release of the security interest in the Collateral, as provided in Section 5.4 hereof, or the termination of this Security Agreement in any manner whatsoever.

## Section 5. MISCELLANEOUS.

5.1. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

5.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

5.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific

provisions hereof in respect of any matter) when delivered personally or when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Debtor --

Grand Trunk Western Railroad Company  
131 W. Lafayette  
Detroit, Michigan 48226  
Attention: President

If to the Secured Party --

Bankers Trust Company  
280 Park Avenue  
New York, New York 10015  
Attention: Vincent J. Colistra

5.4. Release. At the expense of the Debtor, the Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

5.5. Governing Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights, arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Security Agreement or any assignment hereof shall be filed, recorded or deposited.

5.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together constituting only one Security Agreement.

5.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

5.8. Definitions. Except as otherwise provided

herein, all terms used herein and defined in the Agreement shall be used herein as so defined.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

(CORPORATE SEAL)

ATTEST:

E. B. Jontani

GRAND TRUNK WESTERN  
RAILROAD COMPANY

By: P. S. Jontani  
Title: SE VP & in Admin

By: P. J. Jontani  
Title: Asst VP & Treasurer

(CORPORATE SEAL)

ATTEST:

Mark Jontani

BANKERS TRUST COMPANY

By: Vincent J. Jontani  
Title: Vp President

STATE OF MICHIGAN)

: SS.:

COUNTY OF WAYNE )

On this 8<sup>th</sup> day of January, 1983, before me, personally appeared P.E. TATRO to me personally known, who being by me duly sworn, says that he resides at Detroit and is SEVP & Admin of Grand Trunk Western Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

J. Isabelle Matusko  
Notary Public

J. ISABELLE MATUSKO  
Notary Public, Oakland County, Michigan  
Acting in Wayne County, Michigan  
My Commission Expires March 14, 1983

STATE OF MICHIGAN)

: SS.:

COUNTY OF WAYNE )

On this 6<sup>th</sup> day of January, 1983, before me, personally appeared R-L. Pritchett to me personally known, who being by me duly sworn, says that he resides at Detroit and is Asst VP & Treasurer of Grand Trunk Western Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

J. Isabelle Matusko  
Notary Public

J. ISABELLE MATUSKO  
Notary Public, Oakland County, Michigan  
Acting in Wayne County, Michigan  
My Commission Expires March 14, 1983

STATE OF NEW YORK

COUNTY OF NEW YORK SS.:

On this 7<sup>th</sup> day of January, 1983, before me, personally appeared Vincent J. Colistra to me personally known, who being by me duly sworn, says that he resides at 372 Robin Road Dr. Yonkers, N.Y. and is a Vice President of Bankers Trust Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Susan E. Strohm  
Notary Public  
SUSAN E. STROHM  
NOTARY PUBLIC, STATE OF NEW YORK  
No. 31-4652285  
Qualified in New York County  
Commission Expires March 30, 1983

# SCHEDULE A

## Description of Equipment

<u>Car Series</u>	<u>Description</u>	<u>Excluding Car Numbers</u>	<u>No. of Units</u>	<u>Date Built</u>	<u>AAR Destroyed Value</u>
78000-079	86' 70-ton hi cube box car w/cushion underframe	12, 14, 16, 19, 27, 43, 49, 59	72	8/65	\$ 2,970,738
78115-217	86' 70-ton hi cube box car w/cushion underframe	129, 133, 149, 161, 171, 175, 193, 204, 213, 214	93	10/66	4,387,964
83000-248	60' 70-ton box car w/cushion underframe	00, 03, 10, 13, 14, 15, 17, 19, 24, 25, 26, 28, 30, 31, 33, 35, 36, 38, 42, 43, 52, 53, 56, 57, 59, 61, 64, 65, 69, 72, 73, 75, 76, 79, 80, 81, 87, 88, 89, 90, 91, 93, 95, 97, 101, 103, 114, 125, 131, 157, 168, 174, 176, 191, 195, 210, 211, 213, 214, 215, 216, 218, 220, 224, 229, 230, 232, 233, 236	180	1/66	3,667,112
83249-443	60' 70-ton box car w/cushion underframe	266, 275, 282, 284, 287, 288, 330, 338, 339, 341, 342, 343, 344, 396, 423, 424, 426, 427, 428, 429	175 ) ) ) 6 )	11/66	3,925,787
83444-450	60' 100-ton box car w/cushion underframe	448			
83458- <sup>5</sup> 75	60' 70-ton box car w/cushion underframe	458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 486, 509, 511, 513, 518, 549, 556, 566	84	9/67	2,029,183
			<u>610</u>		<u>\$16,976,784</u>

Appendix A to the  
Security Agreement

FORM OF SUPPLEMENTAL SECURITY AGREEMENT

SUPPLEMENTAL SECURITY AGREEMENT dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, between GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan corporation (the "Debtor") and BANKERS TRUST COMPANY (the "Secured Party").

WITNESSETH

WHEREAS, the Debtor and the Secured Party have heretofore executed and delivered the Security Agreement dated as of January 3, 1983, (the "Security Agreement") and, together with Grand Trunk Corporation and Duluth, Winnipeg & Pacific Railway Co. (the "Guarantors"), the Credit and Guaranty Agreement dated as of January 3, 1983 (the "Agreement"); and

WHEREAS, certain of the Equipment described in Schedule A to the Security Agreement has suffered a Casualty Loss, and pursuant to Section 6.3 of the Agreement the Debtor has elected to subject additional Rolling Stock to the lien created by the Security Agreement in lieu of making a prepayment of the Secured Loans.

NOW, THEREFORE, IT IS AGREED:

Section 1. The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, does hereby convey, warrant, mortgage, pledge, assign and grant the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the railroad equipment described on Schedule A hereto.

Section 2. Schedule A to the Security Agreement is hereby amended to incorporate Schedule A hereto.

Section 3. The Debtor and the Secured Party hereby ratify and reaffirm their respective covenants and agreements contained in the Security Agreement.

Section 4. This Supplemental Security Agreement shall become effective upon the execution and delivery hereof by the Debtor and the Secured Party and the Security Agreement shall thereupon be deemed to be amended and supplemented, as hereinabove set forth, as fully and with the same effect as if the provisions of this Supplemental Security Agreement had been set forth in the Security Agreement. Whenever the Security Agreement is referred to in the Agreement or in any of the instruments, agreements or other documents executed and delivered in connection therewith, it shall be deemed to mean the Security Agreement as supplemented by this Supplemental Security Agreement.

Section 5. Terms defined in the Security Agreement shall, when used herein, have the meanings respectively assigned thereto in the Security Agreement.

Section 6. This Supplemental Security Agreement may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Supplemental Security Agreement as of the day and year first above written.

GRAND TRUNK WESTERN RAILROAD COMPANY

(CORPORATE SEAL)

By \_\_\_\_\_  
Title:

ATTEST:

\_\_\_\_\_  
By \_\_\_\_\_  
Title:

BANKERS TRUST COMPANY

(CORPORATE SEAL)

By \_\_\_\_\_  
Vice President

ATTEST:

\_\_\_\_\_

STATE OF MICHIGAN)

: SS.:

COUNTY OF WAYNE )

On this            day of            , 198 , before me,  
personally appeared            to me  
personally known, who being by me duly sworn, says that he  
resides at            and is            of  
Grand Trunk Western Railroad Company, that one of the seals  
affixed to the foregoing instrument is the corporate seal of  
said corporation, that said instrument was signed and sealed  
on behalf of said corporation by authority of its Board of  
Directors; and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said  
corporation.

---

Notary Public

(SEAL)

STATE OF MICHIGAN)

: SS.:

COUNTY OF WAYNE )

On this            day of            , 198 , before me,  
personally appeared            to me  
personally known, who being by me duly sworn, says that he  
resides at            and is            of  
Grand Trunk Western Railroad Company, that one of the seals  
affixed to the foregoing instrument is the corporate seal of  
said corporation, that said instrument was signed and sealed  
on behalf of said corporation by authority of its Board of  
Directors; and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said  
corporation.

---

Notary Public

(SEAL)

STATE OF )  
COUNTY OF ) ss.:

On this                    day of                    , 198 , before me, personally appeared \_\_\_\_\_ to me personally known, who being by me duly sworn, says that he resides at \_\_\_\_\_ and is a \_\_\_\_\_ of Bankers Trust Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

SCHEDULE A

Description of Equipment